

## Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 SSM-03 CIAE-00 DODE-00  
NSAE-00 NSCE-00 SSO-00 USIE-00 INRE-00 PM-05 H-01  
INR-07 L-03 PA-01 PRS-01 SP-02 SS-15 TRSE-00  
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INFO AMEMBASSY AMMAN  
AMEMBASSY BEIRUT  
AMEMBASSY BRUSSELS IMMEDIATE  
AMEMBASSY CAIRO PRIORITY  
AMEMBASSY DAMASCUS  
AMCONSUL JERUSALEM  
AMEMBASSY JIDDA

C O N F I D E N T I A L TEL AVIV 10387

BRUSSELS FOR USDEL SECRETARY

E.O.11652: GDS  
TAGS: PGOV, EG, IS  
SUBJ: PERES' VIEWS ON ARAB-ISRAELI SETTLEMENT

1. LABOR PARTY LEADER SHIMON PERES WAS IN A RELAXED AND  
THOUGHTFUL MOOD IN A LONG MEETING WITH DCM AND BRUBECK  
IN HIS KNESSET OFFICE DECEMBER 6. HIS DESK WAS CLEAN  
AND HE WAS READING A BOOK CALLED "CHINESE SHADOWS."  
EVEN AT THE END OF AN HOUR, HE SHOWED NO INCLINATION TO  
BREAK OFF THE CONVERSATION.

2. PERES GAVE A DETAILED ACCOUNT OF THE NEW FORMULATION  
RECENTLY ENDORSED BY LABOR'S INNER LEADERSHIP GROUP FOR  
A FUNCTIONAL WEST BANK SETTLEMENT. IT REFLECTS IDEAS  
THAT PERES, ALONG WITH SOME OTHERS, HAVE BEEN GESTATING  
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FOR SEVERAL YEARS AND, ALTHOUGH IT IS STILL SOMEWHAT  
FUZZY, IT HAS MORE PRACTICAL DETAIL THAN WHAT PERES  
CALLS DAYAN'S "POETICAL" IDEA OF A FUNCTIONAL  
SOLUTION. THE PERES FORMULATION CONTEMPLATES A CANTONAL  
ARRANGEMENT AMONG JORDAN, THE WEST BANK, GAZA AND, IN  
SOME FORM ISRAEL. INITIALLY, THIS WOULD INVOLVE A  
JORDAN-ISRAELI CONDOMINIUM, WITH THE TWO RESPONSIBLE FOR

ALL FOREIGN AFFAIRS AND MILITARY MATTERS, BUT EACH CANTON OTHERWISE RUNNING ITS OWN AFFAIRS. AS ILLUSTRATIVE, HE SUGGESTED EACH MUNICIPALITY (INCLUDING JEWISH SETTLEMENTS) WOULD CONTROL ITS OWN LOCAL AFFAIRS; EACH CANTON WOULD HAVE LARGER POWERS SUCH AS TAXATION, COURT SYSTEM, ETC; WITH THE JOINT JORDAN-ISRAEL CONDOMINIUM OPERATING UNDER ALTERNATING CHAIRMANSIP FOR ADMINISTRATION OF MILITARY AND FOREIGN AFFAIRS. EVENTUALLY, THIS MIGHT EVOLVE INTO A FULL-FLEDGED CONFEDERATION OR EVEN FEDERATION, WITHOUT ISRAEL AS A MEMBER. IN THE EARLIER PHASE, JORDAN AND ISRAEL WOULD SPECIFICALLY SHARE RESPONSIBILITY FOR SECURITY IN THE WEST BANK AND GAZA.

3. PERES CONTEMPLATED PRESENT JEWISH SETTLEMENTS PROBABLY REMAINING IN THE WEST BANK, BUT EACH CANTON WOULD HAVE THE RIGHT TO CONTROL FURTHER IMMIGRATION FROM ANY OF THE OTHERS. THUS, THERE MIGHT BE SOME FURTHER ISRAELI POPULATION IN THE SETTLEMENTS, BUT ON A QUOTA BASIS WITH RECIPROCAL ARAB SETTLEMENT RIGHTS IN ISRAEL AND, IN EITHER CASE, WITH THE CANTON CONTROLLING NOT ONLY NUMBERS BUT ANY FURTHER RIGHT TO ACQUIRE LAND, GENERALLY, HE SEEMS MORE DISPOSED SIMPLY TO FIND A SALEABLE SOLUTION THAN TO PRESERVE JEWISH SETTLEMENT RIGHTS. SINCE HE ENVISAGES A CLOSE ECONOMIC UNION WITHIN THE AREA, AND FREE MOVEMENT OF PEOPLE, HE PROBABLY

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FEELS THAT UNDER SOME EVENTUAL NORMALIZATION THE RIGHT TO SETTLE AND ESTABLISH ACROSS CANTONAL LINES WOULD NOT BE A BURNING ISSUE. THE IMMEDIATE PRACTICAL EFFECT, HOWEVER, WOULD BE TO GIVE THE ARABS OF GAZA AND THE WEST BANK CONTROL OF FURTHER JEWISH SETTLEMENT. (A FRIEND OF PERES TELLS US THAT, IN STILL ANOTHER VARIANT, PERES HAS DISCUSSED GIVING UP JEWISH SETTLEMENTS EVEN IN GOLAN AND SINAI, EXCEPT FOR EARLY WARNING ESTABLISHMENTS, IN A CONDITION OF REAL PEACE; THIS IS SAID TO HAVE PRODUCED SOME VIOLENT DEBATE IN LABOR CIRCLES.)

4. PERES MAKES CLEAR THAT HIS MAIN CONCERN IN THESE VARIOUS FORMULATIONS HAS BEEN TO FIND A SCHEME ACCEPTABLE TO THE ARABS YET COMPATIBLE WITH ISRAEL'S SECURITY. IN DISCUSSING THE SITUATION CREATED BY SADAT'S VISIT, HE SHOWS CONSIDERABLE SENSITIVITY TO INTER-ARAB POLITICS, TO SADAT'S NEED TO "GET SOMETHING" HE CAN SELL TO THE ARABS, AND TO THE NUANCES OF THE NEGOTIATING GAME. HE CAN VIEW THE PROBLEM FROM SADAT'S POSITION WITH SOME DETACHMENT AND OBJECTIVITY. THESE ARE ABILITIES FAIRLY RARE AMONG ISRAELI POLITICIANS. ASKED IF HE THOUGHT HIS PROPOSALS MIGHT INFLUENCE THE BEGIN GOVERNMENT IN THE

UPCOMING NEGOTIATIONS, HE SAYS WRYLY THAT HE IS NOT EVEN SURE HOW MUCH ACCEPTANCE THEY HAVE IN THE LABOR PARTY. FROM VARIOUS REPORTS, WE GATHER THEY HAVE STIRRED UP CONSIDERABLE DEBATE, IF NOT ACCEPTANCE.

5. PERES SEEMS RELAXED AND PHILOSOPHIC IN DISCUSSING BOTH THIS SUBJECT AND THE POLITICAL SCENE GNERALLY. SOME OLD ASSOCIATES SAY THAT HE HAS BEEN GOING THROUGH A GENUINE EVOLUTION IN HIS THINKING FOR SOME TIME, WITH HIS PRESENT IDEAS AS A BENCH MARK OF THE CHANGE. CERTAINLY, HE DOES NOT SOUND VERY HAWKISH. APART FROM HIS PERIODIC PRIVATE TALKS WITH BEGIN AND WITH DAYAN, THE LABOR PARTY IS NOT INVOLVED IN ANY WAY IN THE GOVERNMENT'S DEVELOPMENT OF POLICY FOR PEACE NEGOTIATIONS. PERES  
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THINKS THAT IF BEGIN REACHED A CRUCIAL MOMENT FOR DECISION, EITHER CONCESSIONS IN ORDER TO REACH AGREEMENT WITH SADAT OR A HARD LINE THAT MIGHT CAUSE THE COLLAPSE OF NEGOTIATIONS, HE MIGHT SEEK TO BRING LABOR INTO THE GOVERNMENT. PERES WOULD BE VERY RELUCTANT TO JOIN. HE SAYS THE VOTERS MADE CLAR THAT THEY DO NOT WANT LABOR IN THE GOVERNMENT AND THIS SHOULD BE RESPECTED. LABOR NEEDS ITS STINT IN POSITION. HE THINKS BEGIN OWES HIS PRESENT HISTORIC OPPORTUNITY FOR NEGOTIATION TO THE LUCK OF TIMING, BUT HE DOES NOT SOUND SANGUINE THAT BEGIN WILL RISE TO THE OCCASION. NEVERTHELESS, HE SAYS, LABOR WILL SUPPORT THE GOVERNMENT IN ITS PEACE EFFORTS, WHILE ENGAGING IN A DECENT AMOUNT OF PUBLIC OPPOSITION RHETORIC.  
LEWIS

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## Message Attributes

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